

Exhibit A

NEWS

Austin joins legal fight over fees not paid to cities by Netflix, other streaming services

Ryan Autullo Austin American-Statesman

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Texas law allows for cable and video service providers to deliver services through transmission lines on public property in exchange for remitting 5% of gross revenue to the municipality.

Streaming services such as Netflix, Hulu and Disney+ have their content moved through those lines, but they do not pay the fees imposed on traditional cable TV providers.

Austin officials say they should.

Setting the table for what could turn into a protracted legal battle, the Austin City Council voted Thursday in favor of teaming with about a dozen Texas cities that are attempting to recover what they say are years of unpaid fees from the video streaming giants.

The action mirrors litigation in Georgia, Indiana, Ohio and Nevada over franchise fee laws that were written to target traditional cable providers, and whether those same laws apply to video streaming services that do not have their own transmission lines and deliver their product via the internet. Texas' law is from 2005.

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Thursday's vote approved a contingency services agreement with three law firms that are representing many, if not all, of the other Texas cities seeking the fees. Those law firms won't get paid by Austin unless they secure a judgment against the video service providers.

Austin's participation means three of the state's four largest cities are involved in the litigation. Houston and Dallas have taken steps similar to the one Austin took Thursday. Others involved include Arlington, Abilene, Waco, Frisco, Plano, Carrollton, Garland, Mesquite, Sugar Land, Amarillo, Grand Prairie and Arlington.

An Austin spokesperson said that, to the city's knowledge, those cities' lawsuits have not commenced yet.

Netflix, Hulu and Disney representatives did not respond to separate messages left seeking comment. Other providers could be pulled into the litigation, according to staff documents, but for now only those three are targeted.

In a response from January on this issue, a Netflix spokesperson told the Verge, a tech industry website, that streaming services should not be required to pay the same fees as traditional cable providers.

“These cases falsely seek to treat streaming services as if they were cable and internet access providers, which they aren’t,” the spokesperson said. “They also threaten to place a tax on consumers that the legislature never intended, and we are confident that the courts will conclude that these cases are meritless.

State law required City Council approval to hire outside counsel on a contingency fee basis.

The city's legal department said it preferred that model to an hourly rate model.

In a public notice addressing the need for obtaining outside counsel, the city's legal department said it is not appropriately staffed to handle such a complex matter while juggling the other demands on the office. The memo said the dispute is an "unsettled matter of law" and that the legal department expects the video streaming providers will oppose all aspects of the litigation.

Austin is not only hoping to recover past unpaid fees but obtain a judgment ordering the video service providers to pay fees in the future.

The fees the city hopes to collect, known as franchise fees, date to 2007. Documents associated with Thursday's action do not place a dollar figure estimating the amount the city believes it is owed, but do shed light on what the outside lawyers will make if they score a victory.

If the lawyers collect funds on behalf of Austin without going to trial, they will receive 30% of the gross recovery. If a trial is needed to secure a judgment, the lawyers will get 33¹/₃% — one-third — of recovered fees.

If successful, any past and future funds recovered by the city would be used to fund other municipal services, city staff said.

The law firms engaged by the city are McKool Smith, Ashcroft Sutton Reyes and Korein Tillery.

The city has no prior relationship with Korein Tillery or Ashcroft Sutton Reyes. Austin was among several cities represented by McKool Smith to recover municipal hotel occupancy taxes.